

**STAFF MEETING MINUTES  
LANCASTER COUNTY BOARD OF COMMISSIONERS  
COUNTY-CITY BUILDING  
ROOM 113  
THURSDAY, JUNE 14, 2001  
8:15 A.M.**

Commissioners Present: Kathy Campbell, Chair  
Bob Workman, Vice Chair  
Larry Hudkins  
Bernie Heier

Others Present: Dave Johnson, Deputy County Attorney  
Bruce Medcalf, County Clerk  
Gwen Thorpe, Deputy County Clerk  
Ann Taylor, County Clerk's Office  
Ray Stevens

**AGENDA ITEM**

- 1 APPROVAL OF STAFF MEETING MINUTES OF TUESDAY, JUNE 12, 2001 AND BUDGET HEARING MINUTES OF MAY 17 & 31, 2001 AND JUNE 5, 2001**

**MOTION:** Hudkins moved and Heier seconded approval of the Staff Meeting minutes of June 12, 2001 and Budget Hearing minutes of May 17 & 31, 2001 and June 5, 2001. Hudkins, Heier, Workman and Campbell voted aye. Motion carried.

- 2 ADDITIONS TO THE AGENDA**

None were stated.

- 3 DEALER/BROKER AGREEMENT WITH A G EDWARDS & SONS INC AND PETE DAIKER TO SERVE COUNTY PENSION** - Doug Cyr, Deputy County Attorney; Pete Daiker, A G Edwards & Sons Inc.

Doug Cyr, Deputy County Attorney, said Pete Daiker, A. G. Edwards & Sons Inc., is seeking to become the broker/dealer for the County's employee pension plan with Nationwide Retirement Solutions.

Daiker distributed information on services offered by his investment firm. (Exhibit A).

Daiker said he has contacted Nationwide Retirement Solutions and they have agreed to allow a broker/dealer change. He explained that Nationwide will remain the provider and there will be no changes to the pension plan, only the service provider will change. Daiker said since he is independent from Nationwide, he will be able to research the market which could result in better pricing of the plan.

Cyr remarked that there has been a reduction in the level of pension plan service since Daiker left Nationwide's employ.

Hudkins concurred, but said there is concern that other investment consultants in the community would want an equal opportunity to service the plan.

Cyr said this is a professional service and is not required to be bid.

Daiker added that Nationwide does not allow many broker/dealer changes.

Campbell said that will need to be verified and asked Workman to call Nationwide Retirement Solutions, with Kerry Eagan, Chief Administrative Officer, and Cyr sitting in on the conference call.

**4 WEAVER'S BANKRUPTCY** - Dick Garden, Attorney for Weaver Potato Chip & Snack Food Company, L.L.C.; Andrew Cheeseman, President and Chief Executive Officer (CEO); Thomas Yaussi, Chief Financial Officer; Doug Cyr, Deputy County Attorney

Dick Garden, Attorney for Weaver Potato Chip & Snack Food Company, LLC, explained that the company is asking the County to subordinate its economic development lien as part of a \$5.5 million refinancing of its high interest rate bankruptcy debts. He reported that First National Bank of Omaha is the major lender in this transaction and said the company's principals are personally liable for this debt.

Andrew Cheeseman, President and Chief Executive Officer (CEO), explained that the refinancing will save the company a quarter of a million dollars in interest payments a year.

Garden said the terms of the 1998 bankruptcy reorganization plan require the City and County's economic development loans to be paid out over 25 years, commencing in December, 2001. He said Weaver's will honor that payment plan.

Garden said at the time the bankruptcy plan was confirmed Weaver's was delinquent on its 1993-96 real estate taxes (\$100,000) and these had gone to a tax certificate sale. Norwest Bank had first lien status (\$1.7 million) on the real estate, which was found to be worth \$1.1 million. He said, had the company been liquidated at that time, the County would not have been repaid, other than for the real estate taxes.

Garden noted that the County has subordinated its lien one other time, when Weaver's obtained operating financing after it came out of bankruptcy. He said subordinating the lien at this time will be beneficial in that:

1. Weaver's will pay off the tax certificate holder
2. Weaver's will pay off the delinquent taxes that accrued during the bankruptcy and up through the year 2000
3. It will bring all debt under one lender
4. It will allow the company to continue to operate and to begin repayment of debt in December, 2001

Garden noted that the City and County share the City's lien and said the City has already agreed to the subordination. He said Weaver's is seeking the County's "blessing of this transaction".

In response to a question from Heier, Garden said the bankruptcy plan required forgiveness of the first three years of interest. Interest begins accruing at a rate of 5.5% from that point forward, on a 25 year amortization.

Cheeseman said the County lien is currently behind \$2.4 million in debt.

Cheeseman indicated plans for expansion and growth and said the company hopes to do \$10 million in business this year. He reported that Weaver's owns the right to produce potato chips for 22 top college football, pro football and major league baseball teams and is seeking to expand into the NASCAR auto racing market.

In response to a question from Hudkins, Cheeseman estimated the total asset value for the business at \$5 million.

Workman asked whether First National Bank of Omaha would be willing to include the \$250,000 economic development lien in the refinancing package.

Garden said this is very favorable financing, noting the City and County could have been lumped in with the unsecured creditors under the bankruptcy terms.

Doug Cyr, Deputy County Attorney, noted that the County's secured claim was reduced \$100,000 and subordinated to an unsecured position as the result of Commonwealth Electric's challenge of the County's position in the bankruptcy proceedings. He added that the City's subordination of its lien, which is shared by the County, has placed the County in a "very, very, very perilous position".

**MOTION:** Workman moved and Heier seconded to subordinate the County's lien, with official action to be taken at a County Board of Commissioners Meeting.

Heier remarked that "we've done our share" and said he may not be willing to subordinate the lien.

Garden reiterated that the City has already subordinated the City's and County's lien.

Heier asked "Then why are you here?"

Cheeseman responded that "we care about what you think about Weaver's Potato Chip Company."

Campbell said she appreciated Weaver's coming to the Board and said the original intent of the loans is still being articulated.

Hudkins said he had not been aware that the terms of the agreement with the City allowed it to subordinate the lien without input from the County. He added that he agrees with Workman that Weaver's should try to renegotiate with First National Bank of Omaha to include the economic development loan in the refinancing.

Cheeseman said that would not be possible, as the refinancing deal is complete.

**ON CALL:** Workman, Heier, Hudkins and Campbell voted aye. Motion carried.

**5 AUDIT AGREEMENT WITH HAYES & ASSOCIATES** - Frank Hayes, Hayes & Associates, L.L.C. President; Dave Kroeker, Budget and Fiscal Officer; Tim Genuchi, Accounting Operations Manager for the County Clerk's Office; Kathy Smith, Assistant Purchasing Agent; Don Killeen, County Property Manager

Dave Kroeker, Budget and Fiscal Officer, explained that Hayes & Associates has completed its three year audit contract and would like to exercise the option to renew the contract for three additional years, but has requested an increase in fees to reflect the number of hours actually required.

Frank Hayes, Hayes & Associates, L.L.C. President, explained that his staff is spending more hours than originally anticipated.

Kroeker distributed a handout detailing audit costs and proposed adjustments (Exhibit B).

Don Killeen, County Property Manager, said discussion will also be scheduled on the July 10<sup>th</sup> Public Building Commission Meeting Agenda.

**MOTION:** Hudkins moved and Workman seconded to schedule the item on the June 19<sup>th</sup> County Board of Commissioners Meeting agenda for consideration. Hudkins, Heier, Workman and Campbell voted aye. Motion carried.

**6 HEALTH INSURANCE RATES** - Georgia Glass, Personnel Director; Diane Staab, Deputy County Attorney

Georgia Glass, Personnel Director, reported that a meeting was held with Gina Samland, Marsh USA, Inc., and representatives of United HealthCare and said it was stated that underwriters would project a 32.4% increase in health insurance rates, based on the County's claims experience. She said two plan scenarios were offered (Exhibits C & D):

1. 24.0% increase - No changes to the plan design
2. 19.5% increase - Modify the plan design to include a three-tier pharmacy co-payment plan (\$10/\$20/\$35) and use of a prescription drug formulary

The Board requested copies of the proposed prescription drug formulary.

In response to a question from Heier, Glass said the County negotiated 85% of the 2/4 and family coverage for American Federation of State, County & Municipal Employees (AFSCME) represented and unrepresented employees. The County pays 80% of the 2/4 and family coverage for Fraternal Order of Police (FOP) represented employees (Corrections and County Sheriff Deputies).

Dave Kroeker estimated that the County will pay an additional \$1 million if there is a 19% increase in premiums.

Glass said Melvin Moore, AFSCME President, has informed her that the union does not want the deductibles to be increased.

Hudkins asked for a rate quote if the plan design were modified to increase the pharmacy co-payment from \$8/\$18 to \$10/\$20, with no prescription drug formulary.

Kroeker said United HealthCare indicated that utilizing standard tiers would result in better rates and pricing was requested. He noted there is higher utilization of the Health Maintenance Organization (HMO) plan and United HealthCare is looking at leveling those rates with the Preferred Providers Organization (PPO) plan.

Diane Staab, Deputy County Attorney, noted that AFSCME and unrepresented employees will pay less in January, 2002, based on the changes in percentages.

In response to a question from Campbell, Glass said the City opted for modification of its plan design to include a three-tier pharmacy co-payment plan (\$10/\$20/\$35) and use of a prescription drug formulary. She said this resulted in a 16.5% rate increase, but said the City has a better claims experience.

The Board asked that a presentation on prescription drug formularies be scheduled on a future Staff Meeting agenda.

**7 CAPITOL HUMANE SOCIETY RATE INCREASE** - Bob Downey, Capitol Humane Society Director

Bob Downey, Capitol Humane Society Director, requested the following changes in fees for services related to the County's contract:

- O Establish two rates for billing personnel time while performing a call (current rate is \$12 per hour):
  1. \$12 per hour during normal shifts
  2. \$15 per hour for after hours calls
- O Raise the mileage reimbursement from .25/mile to .35/mile
- O Change the two fees for euthanasia and disposal (\$2.25) and disposal (\$5.00) to a flat fee of \$6
- O Change the daily boarding rate of \$7.50 to \$8.00, per day

Downey estimated that the changes will not cost the County more than \$100, per month. He also noted there have only been two increases to the rates in thirteen years, the last in 1997.

**MOTION:** Heier moved and Workman seconded to forward the Capitol Humane Society's rate increase request to the County Attorney and ask for a revision to the contract and to request that it be scheduled on a County Board of Commissioners Meeting agenda when revisions are complete. Heier, Workman, Hudkins and Campbell voted aye. Motion carried.

Downey also reported on plans for a capital campaign to raise funds for a program services vehicle that will serve as a mobile veterinary clinic and will provide adoption, education and disaster relief services.

**8 KAWASAKI MOTORS UPDATE** - Steve Henrichsen, Planning Department; Peter Katt, Attorney for Kawasaki Motors

Steve Henrichsen, Planning Department, reviewed Comprehensive Plan Amendment Number 94-61, a request from the Planning Director for an amendment to the 1994 Lincoln/Lancaster County Comprehensive Plan to designate land near Northwest 27<sup>th</sup> Street and West Fletcher Avenue as inside the "Future Service Limit" and to include West Fletcher Avenue from Northwest 12<sup>th</sup> Street to Northwest 31<sup>st</sup> Street and a new interchange at Northwest 27<sup>th</sup> Street and Highway 34 in the future road network and transportation plans (Exhibit E).

Henrichsen said the main issue of concern for the Highlands neighborhood is the connection of West Fletcher Avenue at Northwest 12<sup>th</sup> Street. He said City Public Works/Utilities has included \$150,000 in the Capital Improvement Program for planning and design and will work with the neighborhood and Kawasaki Motors to resolve issues of concern.

Henrichsen also reported that paving of West Fletcher Avenue from Northwest 27<sup>th</sup> to Northwest 31<sup>st</sup> Streets has been discussed with the County Engineer, as a potential County project.

Hudkins said the County Engineer has stated that West Fletcher Avenue is a city street. He also questioned plans to extend to Northwest 31<sup>st</sup> Street, noting the distance would be shorter to the south or southwest.

Henrichsen explained that the section of West Fletcher Avenue that extends from Northwest 27<sup>th</sup> to Northwest 31<sup>st</sup> is outside the city limits and said the annexation of Kawasaki Motors will not extend the city limits beyond Northwest 27<sup>th</sup> Street.

Hudkins noted that Wild Rose Lane, which is heavily utilized by vehicles exiting Highway 34, is slated to be closed. He said the proposed plans will force the exiting traffic to compete with the new traffic out of Kawasaki Motors.

Henrichsen said there is concern that the new ramps will create a sight distance problem where Wild Rose Lane intersects with Northwest 27<sup>th</sup> Street.

Hudkins said there needs to be a public hearing on the matter.

Campbell suggested a follow-up discussion with the County Engineer.

Hudkins said the Raymond Rural Fire District also has some concerns and asked that Larry England, Raymond Rural Fire Board Chair, be included in the discussion.

Peter Katt, attorney for Kawasaki Motors, agreed to share the concerns with Kawasaki Motors and will report back if they decide to take a position.

**9 PERIMETER FENCING FOR JUVENILE DETENTION FACILITY -**  
Chris Beardslee, Sinclair Hille & Associates Inc.

Chris Beardslee, Sinclair Hille & Associates Inc., reviewed fencing alternatives for the Lancaster County Juvenile Detention Center (Exhibit F):

Perimeter Fence

1. Delete vinyl	Credit \$ 4,338
2. Change mini mesh from 6' to 4'	Credit \$ 2,970
3. Change gauge of 2" chain link	Credit \$ 2,505
4. Change mini mesh to 2" chain link	Credit \$ 6,255
5. Change 3" posts to 4" diameter posts	Add \$14,045
6. Add internal support tube to 3" diameter posts	Add \$ 4,324

The Board gave tentative approval to Items 1, 2 and 5 and tentatively denied Items 3, 4 and 6.

High Security Fence

- |                 |                 |
|-----------------|-----------------|
| 1. Delete vinyl | Credit \$ 2,540 |
|-----------------|-----------------|

The Board tentatively approved Item 1.

Public Fence

- |                                      |              |
|--------------------------------------|--------------|
| 1. Change fence posts to 4" diameter | Add \$ 3,856 |
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The Board tentatively approved Item 1.

**NOTE:** This is a total increase of \$3,617.

Hudkins suggested that better pricing be sought on the fence posts.

**10 REMODEL OF COMMUNITY MENTAL HEALTH CENTER CLIENT RECEPTION AREA** - Dean Settle, Community Mental Health Center Director; Dave Kroeker, Budget and Fiscal Officer; Don Killeen, County Property Manager

Dean Settle, Community Mental Health Center (CMHC) Director, said Ayars & Ayars, Inc. was awarded a \$7,500 unit price contract to remodel the CMHC client reception area and can work the project into their early July construction schedule.

Don Killeen, County Property Manager, said funds for the project were included in the Fiscal Year 2001-02 Building Fund Budget.

**MOTION:** Hudkins moved and Workman seconded to proceed with the \$7,500 remodeling project. Hudkins, Workman, Heier and Campbell voted aye. Motion carried.

**SECOND INTERVIEW ON MENTAL HEALTH CENTER BUDGET (063)**

Settle reviewed Region V's Request for Proposals (RFP) timeline (expansion of services as a result of tobacco settlement funds) and distributed copies of *FY01-02 New Funding - Summary* (Exhibits G & H). He said the County could potentially receive \$470,740 from the tobacco settlement funds and distributed a proposal of how this money could be allocated, noting \$35,000 in start up funds will be required (Exhibit I).

Campbell asked that the tobacco settlement funds be listed as a separate line item in the budget for tracking purposes.

Settle also presented a revised additional budget request (Exhibit J).

In response to a question from Campbell, Settle said he anticipates that there will be some billings to help offset these costs.

## **11 DISCUSSION OF BOARD MEMBER MEETINGS**

### **A. Lancaster County Fairgrounds Joint Public Agency - Heier, Workman**

Workman reported that the Lancaster County Fairgrounds Joint Public Agency (JPA) has \$1.2 million in bond proceeds remaining. He said the Lancaster County Agricultural Society is \$250,000 over budget but is still within the bond proceeds. An operating deficit of \$120,000 is predicted for the year. Revenue is \$312,000, to date, with \$600,000 projected for the year.

Heier inquired about plans for air conditioning in the small animal building.

Workman said the original proposal was to air condition the offices. He said it is estimated that it will cost \$50,000 to air condition the remainder of the building, noting this can be added at any time.

Hudkins said the insulation needs to be added now. He said the Ag Society had hoped to air condition the next section, which will house small pets, but change order costs have placed them in a financial bind. Hudkins said a number of people were promised that the building would be air conditioned and said "we need to try to find a way to do it while it's being built, or at least that middle section".

Hudkins also expressed concern with labor costs, which were reported to be \$146,000 for the first six months of operation.

### **B. Region V Governing Board - Heier**

Heier said a motion was approved to hire a consultant, out of Region V's budget, to investigate the management of the Blue Valley Mental Health and to assist with hiring of a manager.

### **C. Public Building Commission - Campbell, Hudkins**

Hudkins said Human Services has agreed to move its offices into the space on the first floor of the County-City Building that will be vacated by the Personnel Department. He said this will allow the County Assessor's Personal Property Division to remain in the office space directly across the hall from the County Board of Commissioners' Offices.

Hudkins reported that John Layman, the Public Building Commission's appraiser, has increased his estimate of the value of Block 101, the block north of the County-City Building, to \$2.7 million. He said Don Killeen, County Property Manager, stated that square footage costs and the cost of leases will finance bonds for surface parking. An additional level of parking could be added for \$713,000.

Campbell reported that the request to place Commissioners' Award of Excellence and Mayor's Award of Excellence plaques in the public hallway of the County-City Building was held for one month.

## **12 ADJOURNMENT**

**MOTION:** Hudkins moved and Heier seconded to adjourn the meeting. Hudkins, Heier, Workman and Campbell voted aye. Motion carried.

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Bruce Medcalf  
Lancaster County Clerk